

# THE PREMISES OF STRATEGIC MARKETING PLANNING IMPLEMENTATION WITHIN SMALL AND MEDIUM SIZED ENTERPRISES

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*The main purpose of the present paper is to identify the framework and the necessary conditions for the small and medium sized enterprises (SMEs) to be able to adopt the strategic marketing planning. Also, the paper aims to underline the importance of the strategic marketing planning and the manner in which the SMEs can adopt, implement and operationalize the strategic marketing planning instruments, whose correct understanding and usage ensure the capacity to generate competitive advantage, the key element both from the perspective of the fierce competition and the perspective of the future development of the SMEs. Within SMEs the implementation of marketing becomes an evident requirement, mostly due to the relationship that these have with the market, thus, leading towards market orientation of the activities, a new approach developed by the marketing vision on managing the activities from these types of organizations. Regarded upon, from the marketing perspective, the activities from the SMEs, especially the marketing activities, cannot take place randomly. Resource allocation, a characteristic of these types of organizations, and the objectives with regards to superior customer needs satisfaction and economic efficiency maximization, claim thorough planning and deployment of the activities in a sequence that represents the implementation of a strategy previously assumed. Within this framework, the strategic marketing planning appears as a complex process employing all scientific instruments that comprise segmentation, positioning and marketing mix. Utilizing the strategic marketing planning within SMEs depends to further extend on marketing integration; process directly related with a series of factors such as the nature of the market, development stage, product type, management quality and the influences of the marketing department of the SME. The implications onto the marketing activities from SMEs are reflected upon each strategic marketing planning instrument, where we can find, under correct understanding and application, objectives and market and penetration strategies as product, price, distribution and promotion strategies.*

*Keywords: marketing, SMEs, segmentation, positioning, marketing mix.*

*JEL Classification: M31*

## **Introduction**

Small and medium sized enterprises (SMEs), the main factor of development of the present economy, represent, for the modern marketing, a challenge that needs to be addressed by adapting all scientific instruments to the features of these types of organizations. The methods, techniques and marketing instruments dynamically connect the SMEs to the *market*, characterized within the last decades by multiple changes, evolutions that have as premises within marketing development the social-economical dynamism (Florescu 1992: 12). The development of SMEs depends more and more on their capacity to place the general, strategic and tactic planning

(Olteanu 2007: 45) in the center of the activities, position that can ensure the fulfilment of both marketing and general objectives of these types of organizations. The SMEs have a special role in the present economy. They represent a permanent source of innovation, creation of new working places, which in turn create the framework for the development of entrepreneurship abilities. The marketing activities must take into consideration all these elements as being the main features of SMEs, both from the perspective of market relations that can be found in the marketing environment and from the perspective of planning the marketing activities.

As a requisite in the strategic marketing planning the features of the SMEs must be taken into consideration and valorized to an extent that permits the economic efficiency maximization.

### **The importance of strategic marketing planning within SMEs**

Strategic marketing planning, like many of the marketing concepts with which we operate today, have undergone numerous changes, thus leading to an enrichment of its content due to the social and economic evolutions. All the changes led to the repositioning of marketing within SMEs and to the changement in status of the marketing activities, which became marketing function (Olteanu 2007: 113). The marketing function ensures within SMEs (Walsh and Lipinski 2009: 569) the success through the determination and satisfaction of target clients' needs, wants and aspirations, in utilizing the scientific marketing instruments, and represents the base for the accomplishment of the marketing objectives.

Taking all these elements into consideration it is only natural for the strategic marketing planning to be part of a more complex process having as base component strategic planning, that defines the place of marketing activities within the structure and different strategic level of the organization (Pop and Dumitru 2001: 203). In understanding the marketing role within SMEs the managers must also take into consideration the strategic planning.

Strategic marketing planning must be regarded as a complex process, whose dimension appears within the vertical succession as having as components strategic planning oriented towards the market, strategic planning of the activities and strategic marketing planning (Olteanu 2007: 155). Within the process of strategic marketing planning it is necessary that the segmentation, positioning, marketing mix elaboration and the methods and techniques used to be properly adapted to the specific limitations of the SMEs.

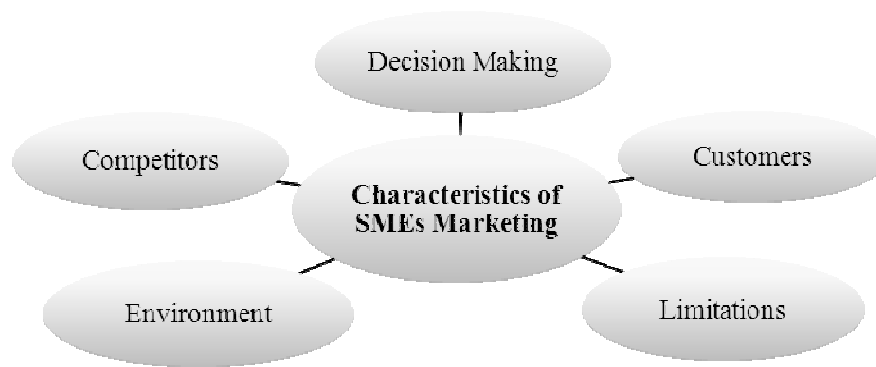
From the large variety of limitations of the SMEs in connection with the marketing characteristics can be mentioned (Gilmore, Carson and Grant 2001: 6):

- limited resources – such as finance, time, marketing knowledge;
- lack of specialist expertise – owners-manager tend to be generalists rather than specialists;
- limited impact in the marketplace.

It is also important to mention that there is a direct connection between the influence factors onto SMEs and marketing characteristics (Figure 1). According the marketing experts (O'Dwyer, Gilmore and Carson 2009: 48) the influence factors act unitary and simultaneously so that they reflect the process character of the full components assembly, which mirorr the importance of adapting the marketing activities and of the strategic marketing planning instruments.

Among the factors that influence SMEs competitiveness can be included, as having a high impact, innovation that must be regarded from the perspective of strategic marketing planning as central element in segmentation, positioning and mix marketing dimensioning.

Thus the main objectives of all marketing activities become the increase of innovation rate, which can be achieved by introducing new products, goods and services or/and technologies onto the market, and superior demand satisfaction both from a quantitative but also from a quantitative point of view.



**Figure 1. Characteristics of SMEs marketing**

Source: Adapted from O'Dwyer, Michele, Gilmore, Audrey and Carson, David. "Innovative marketing in SMEs", *European Journal of Marketing* 43(2009): 48

### **Strategic marketing planning – instruments to be used within SMEs**

The strategic marketing planning process that operates within SMEs has as starting point strategic planning itself, which can be found within entrepreneurial organization (Mintzberg 2008: 377). According to this valuable classification this type of organization has a simple and flexible structure where the owner/manager coordinates and controls directly the activity. There can be found important differences from the point of view of strategic structure and decisional process between SMEs and large enterprises (LSEs) mostly related to a different point of view regarding planning, where the former are characterized by an emergent strategy (Hollensen 2007: 10), and direct and personal implication of the owner/manager, dominating, thus, the decisional process. The strategic marketing planning instruments must be regarded as part of a complex process of strategic planning of the organization, where at a superior level, can be found four planning activities, included in the three processes of the strategic cycle (planning, implementation, control). These activities are (Kotler and Keller 2008: 41): defining the corporate mission; establishing strategic business units; assigning resources to each SBU; assessing growth opportunities. Strategic marketing planning integrates (McDonald and Wilson 2011: 50) the objectives of the company and reflects the objectives specific to each functional level (Figure 2).



**Figure 2. Hierarchy of planning within SMEs**

Source: Adapted from McDonald, Malcom and Wilson, Hugh. *Marketing plans: how to prepare them, how to use them*, 7th Edition, Chichester: John Wiley and Sons, 2011: 50

Segmentation as an instrument of strategic marketing planning has an increased importance within SMEs because of the limited resources, thus, ensuring a better financial efficiency and a better understanding of the market, whose division leads to the identification of different groups of buyers with different needs, characteristics and behaviors (Kotler and Armstrong 2008: 63), which in turn create the premises of a correct employment of positioning and marketing mix. Furthermore, it becomes evident that different groups of buyers need different policies and an adaptation from the point of view of product, price, and distribution and promotion mode.

The complex character of segmentation becomes evident in the following stages (Etzel, Waker and Stanton 2007: 144):

- identify the current and potential wants that exist within a market;
- identify characteristics that distinguish among the segments;
- determine the potential of the segments and how well they are being satisfied.

The correct understanding and employment of segmentation establishes the premises of a correct application of the analysis methods and techniques that are used within the strategic marketing planning process. Also, relevant for the identification of the structure of the market is the utilization of the concept of market orientation.

We can mention that we find segmentation from a different perspective as an instrument, which helps in the identification of market structure, and is made operational in the framework of the concept of market orientation, where the variables of segmentation are mostly quantitative (age, income). The new approach for segmentation as marketing instrument employs it both in clients/consumers segment identification and supplier segmentation. Thus, the process implies the division of suppliers in distinct groups with different needs, characteristics and behaviors, that claim different approaches for the relations established between organizations (Day, Magnan and Moeller 2010: 626).

In a logical sequence positioning, as instrument of strategic marketing planning, can only follow segmentation and identification of the segment or segments onto which the company will operate. In the process of identification of the position that the company intends to occupy on these segments must be underlined that positioning refers to the position that the organization or its product has in the mind of the consumer (Kotler and Armstrong 2008: 64), the marketers having the role to differentiate the offer of the organization from that of the concurrence, creating the motivation of acquiring the products and accomplishing another objective at this level to have "the most advantageous position" (Trout 2005: 24).

In the complex process of positioning, the effort to create a distinct image of the organization and a differentiation of the offer in the mind of different customer categories whose needs, wants, demands the organization wants to satisfy, must be accompanied by the identification of the points-of-difference and points-of-parity (Kotler and Keller 2008: 456).

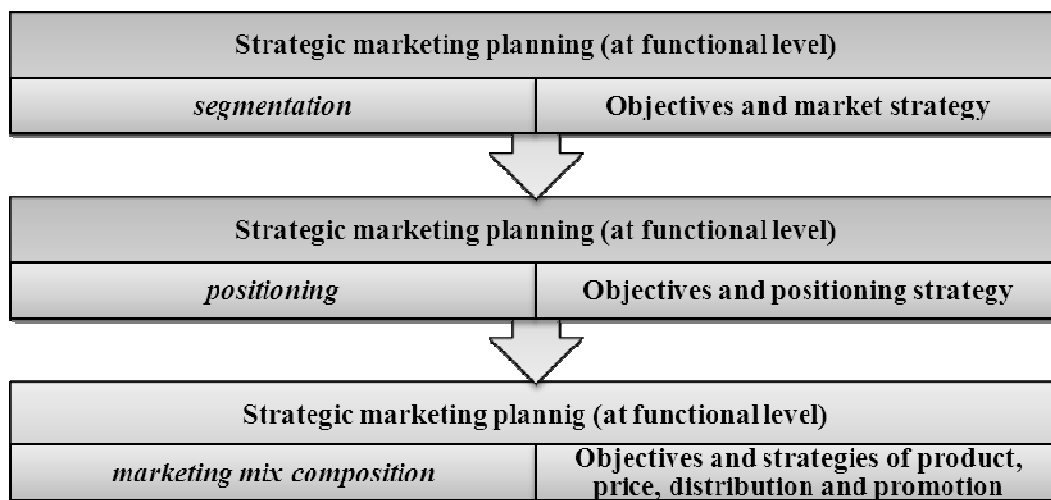
Taking into consideration the previous aspects it can be identified the idea that the purpose of positioning is not the creation of a new and different product, but the modification of the existing relationships with the consumers with relevant influences onto the product, price, distribution and promotion, which reflects the remarkable value of this instrument of strategic marketing planning.

The main objective of the whole strategic marketing planning process and the main reason to concentrate on target segments of clients is to gain the competitive advantage (Perreault and McCarthy 2000: 40), by developing a marketing mix that leads to the superior satisfaction of customers needs in the context of economic efficiency maximization, fulfilling, thus, the two objective functions of marketing.

Furthermore, in the marketing literature are underlined contradictory points of view with regards to strategic marketing and, especially, with regards to strategic marketing planning instruments, which place, for example, mix development in different situations at strategic or tactic level (Varadarajan 2010: 121).

In our opinion the frequent confusions arisen are not necessary the result of an incorrect understanding of the concepts of strategy or marketing tactics, but the result of an incorrect application of the marketing instruments reported to different levels of management.

In conclusion, the strategic marketing planning integrates the processes employed at functional level of the organization, processes that appear in sequence generating objectives and strategies (Figure 3) associated with each employed instrument (Olteanu 2007: 102), whose ranking is not aleatory and can be presented as follows: segmentation, positioning, marketing mix elaboration.



**Figure 3.** The phases of strategic planning at functional level within SMEs

Source: Adapted from Olteanu, Valerică. *Management- Marketing*, București: Editura Ecomar, 2007: 102

With regards to strategic marketing planning and the specific scientific instruments we can say that a series of experts have appealed, as a result of quantitative and qualitative marketing audit undergone in different SMEs, the lack of strategic planning at SMEs level (Parrott, Roomi and Holliman 2010: 196).

## Conclusions

The way in which the strategic marketing planning is employed within SMEs depends, to great extent, on the marketing integration, process directly related to a series of factors such as the nature of the market, growth stage, type of product, good or/and service, quality of management (Reijonen 2010: 279), and, also, the influence of the marketing department from the organization (Verhoef and Leeflang 2009: 26).

As a conclusion, we can mention that at the level of each strategic marketing planning instrument can be found, having as requisite a correct understanding and employment, market, positioning, product, price and distribution objectives and strategies that ensure the market orientation, which, together with entrepreneurial orientation (Baker and Sinkula 2009: 443) influence the success of the SMEs and their long term development.

Regarded from a perspective that cannot ignore the future, but plan it, the SMEs are the seeds of the future large organizations.

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